



Environmental Services Division
Energy and Waste Management Bureau

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**CRUDE OIL, GASOLINE PRICES ENTER RECORD HIGH TERRITORY TWO MONTHS EARLY;
ETHANOL SALES SET RECORD AGAIN**

DES MOINES — Gasoline prices across Iowa have rocketed higher, setting new records once again. Gasoline prices typically peak around Memorial Day, but with records already being set this year, it is difficult to say when the peak will actually occur. On March 15, the average price for a gallon of self-serve, regular unleaded gasoline in Iowa was \$2.02. This was \$0.18 higher than last month and \$0.36 higher than this time last year (\$1.66 per gallon). The previous highest average price for gasoline recorded by the Department of Natural Resources (DNR) was \$1.96 per gallon in May 2004. Higher prices are driven by escalating crude oil prices, rising demand and trader fear over potentially tight gasoline supplies this summer.

The average price for regular unleaded gasoline blended with ethanol was \$2.01 per gallon. The latest data shows that Iowans bought nearly 104 million gallons of ethanol-blended gasoline in January, representing more than 70 percent of all retail gasoline sold that month – yet another new monthly sales record. All auto manufacturers warrant the E-10 blend of 10 percent alcohol and 90 percent gasoline for use. Many manufacturers, including General Motors and Daimler-Chrysler, recommend the use of oxygenated fuels, such as ethanol, in their vehicles.

The U.S. Department of Energy's Energy Information Administration (EIA) forecasts regular, unleaded gasoline monthly average prices will peak around \$2.15 per gallon in May.

"Historically, Iowa gasoline prices have been slightly lower than U.S. average prices," said Jennifer Moehlmann, energy data analyst for the DNR. "However, Iowans can definitely count on more volatility, and probably higher prices before we get to Memorial Day."

The average price of self-serve diesel fuel also set a record on March 15 at \$2.17, up \$0.18 from last month and \$0.55 higher than this time last year (\$1.62 per gallon). The previous highest average price for diesel recorded by the DNR was \$2.12 per gallon in October 2004. EIA forecasts U.S. diesel prices will peak in March, but heavy agricultural demand in Iowa could keep prices high through the planting season.

Crude oil prices have exceeded \$50 per barrel for the first time since last November. International news and sustained growth in global oil demand have continued to push prices higher. Crude set a new all-time record high on March 15 at \$55.05 per barrel, \$6.71 more than last month. One year ago, crude was \$37.48 per barrel.

To help consumers improve fuel efficiency, the Iowa DNR has placed tips and information on fuel savings and alternative fuels on its Web site at www.iowadnr.com. Tips include driving more efficiently, keeping vehicles tuned up and planning and combining trips. Consumers can also choose ethanol at the pump, purchase E85 for flexible fuel vehicles and choose biodiesel blends for diesel vehicles.

The increase in crude oil prices also led heating oil prices to an end-of-the-season spike. The DNR's March 14 fuel price survey reported the average retail price of No. 2 heating oil was \$1.79 per gallon, \$0.19 higher than last month and 49 percent above the price of heating oil at this time last year (\$1.20 per gallon). This was the highest heating oil price

average ever recorded by the survey. Over the entire heating season (October 15 – March 15), Iowa heating oil survey prices averaged 41 percent higher this year than last. Heating oil is used to heat about 2 percent of Iowa homes.

According to the survey, the average retail price of propane was \$1.23 per gallon, \$0.01 less than the previous month and 16 percent above the retail price of propane at this time last year (\$1.06 per gallon). Over the entire heating season, Iowa propane survey prices averaged 21 percent higher this year than last. Roughly 15 percent of Iowans use propane for heating their homes.

On March 14, natural gas was trading at \$6.76/MMBtu, \$0.73 higher than last month and 23 percent above the price of natural gas at this time last year (\$5.51/MMBtu). Over the entire heating season, natural gas survey prices averaged 16 percent higher this year than last. Approximately 67 percent of Iowans heat their homes with natural gas.

Although spring is knocking on our door, consumers shouldn't forget about high heating prices. Next year's prices are likely to be higher than this year, so consumers should take advantage of the spring and summer to make improvements to their homes' efficiency in anticipation of those increased heating costs. Tips for saving energy and money at home and on the road are available at www.EnergySavingTips.gov.

MOTOR FUELS SURVEY STATE AVERAGES

Self-Serve	February 15	March 15	Change
Regular Unleaded	1.84	2.02	+0.18
Regular Unleaded with Ethanol	1.84	2.01	+0.17
Premium Unleaded	1.92	2.09	+0.17
Diesel	1.99	2.17	+0.18

Source: Oil Price Information Service, www.opisnet.com

AVERAGE SELF-SERVE UNLEADED PRICES IN MAJOR CITIES

	February 15	March 15	Change
Ames	1.83	2.03	+0.20
Cedar Rapids	1.86	1.99	+0.13
Council Bluffs	1.81	2.02	+0.21
Davenport	1.87	2.02	+0.15
Des Moines	1.80	2.01	+0.21
Dubuque	1.84	2.02	+0.18
Fort Dodge	1.93	2.06	+0.13
Iowa City	1.88	2.05	+0.17
Sioux City	1.87	2.05	+0.18
Waterloo	1.84	2.02	+0.18
Webster City	1.93	2.02	+0.09
Average Metro Price	1.86	2.03	+0.17

Source: Oil Price Information Service, www.opisnet.com

WHOLESALE PRICES IN METROPOLITAN AREAS IN IOWA

Unleaded Gasoline	February 10	March 10	Change
Des Moines	1.32	1.56	+0.24
Dubuque	1.33	1.57	+0.24
Diesel Fuel	February 10	March 10	Change
Des Moines	1.32	1.58	+0.26
Dubuque	1.33	1.59	+0.26

Source: Oil Price Information Service, www.opisnet.com

HEATING FUELS SURVEY

	February 14	March 14	Change
Natural Gas	6.03	6.76	+0.73
Propane	1.24	1.23	-0.01

#2 Heating Oil	1.60	1.79	+0.19
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Sources: Wall Street Journal, Iowa Department of Natural Resources